

Kirorimal Kashiram Marketing And Agencies Private Limited

November 04, 2022

Rating

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	49.50	CARE BB-; Stable; ISSUER NOT COOPERATING* (Double B Minus; Outlook: Stable ISSUER NOT COOPERATING*)	Rating moved to ISSUER NOT COOPERATING category
Total Bank Facilities	49.50 (₹ Forty-Nine Crore and Fifty Lakhs Only)		

Details of instruments/facilities in Annexure-1.

Detailed rationale and key rating drivers

CARE has been seeking information from Kirorimal Kashiram Marketing And Agencies Private Limited (KKRAM) to monitor the rating(s) vide e-mail communications dated May 17, 2022, June 07, 2022, and July 20, 2022 along with e-mail dated October 13, 2022. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The rating on KKRAM's bank facilities will now be denoted as CARE BB-; Stable; ISSUER NOT COOPERATING*.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings assigned to the bank facilities of Kirorimal Kashiram Marketing And Agencies Private Limited (KKRAM) continues to takes into account the deterioration in capital structure owing to debt funded capital expenditure, moderation in total operating income, stretched liquidity profile, weak debt service coverage indicators and highly fragmented & competitive industry with price volatility. The rating, however, derives comfort from the experienced promoter team, the company's long track record of operations with a well-established brand presence and distribution network.

Detailed description of the key rating drivers

At the time of last rating on Aug 09, 2021, the following were the rating weaknesses and strengths (updated with available information)

Key Rating Weaknesses

Leveraged capital structure & moderation in scale of operations

KKRAM's dependence on working capital borrowings to fund the inventory purchase and other short-term operational financial needs has increased the overall gearing level. Rice procurement being seasonal, the company maintains substantial inventory of raw material to ensure seamless processing and sale throughout the year. The company had a high leverage marked by an overall gearing at 3.07x as on March 31, 2022 (Prov.). Over the years, the scale of operations has shrunk as reflected in lower year on year sales from Rs.278.22 Cr in FY 2020 to Rs. 240.41 Cr in FY 2021 and Rs.234.57 Cr in FY 2022 (Prov.), the major reason being significant drop in exports and lower off take in HORECA (hotels, restaurants and café) segments due to COVID-19 pandemic.

Highly Fragmented and competitive industry with price volatility

The trading of agro products is a highly competitive sector with low entry barriers, large presence of unorganized players, wholesalers across India and commoditized nature of product. Therefore, the profitability margins of the players remain low and volatile. Further, top players in the market hold majority of the market share.

Key Rating Strengths

Vast experience of promoter, established brand presence and business network

The promoter family has over 60 years of experience in the rice trading industry. Mr. Arun Aggrawal, Managing Director who has over three decades of experience in rice trading business manages the operations of the rice mills and the trading activities in Chennai. He is assisted by his brother, Mr. Rash Behari Aggrawal and his son, Mr. Jatin Aggrawal.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

*Issuer did not cooperate; based on best available information

The Company is mainly engaged in trading of basmati rice under three brands 'Double Deer', 'Postman', 'Bullet' mostly through wholesale sales primarily to South Indian states. The company's brand 'Double Deer' has presence in both the retail and institutional segment while the brand 'Postman' has stronger presence in Kerala. KKRAM also exports basmati rice to few countries.

Liquidity: Stretched

KKRAM's liquidity is stretched with accruals being lower than debt obligations. The company is expected to rely on additional funding or improved working capital management to maintain its liquidity. The company has moderate cash balance of Rs.0.24 crore as on March 31, 2022 (Prov.). The bank limits are utilized at ~95% for the last 12 months ended Oct 2022. Working capital cycle remained high at 162 days due to high inventory level of 157 days as on March 31, 2022.

Analytical approach: Standalone

Applicable criteria

[Policy in respect of Non-cooperation by issuer](#)

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Manufacturing Companies](#)

About the company

Kirorimal Kashiram Marketing and Agencies Private Limited was incorporated in 1995. The company is primarily engaged in processing and trading of basmati rice and trading of pulses to a smaller extent. KKRAM sells rice under three brand names 'Double Deer', 'Postman' and 'Bullet'. The company has two rice mills in Chennai (120 TPD) and a leased unit in Delhi (100 TPD) and has constructed a new rice mill in Sonapat, Haryana. The Company also has storage facility of around 4000 MT. The day-to-day operations of the company are managed by Mr. Arun Kumar Aggarwal who is assisted by his son, Mr. Jatin Aggarwal.

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (Prov.)	H1FY2023 (Prov.)
Total operating income	240.41	234.57	--
PBILDT	11.54	11.90	--
PAT	0.39	1.81	--
Overall gearing (times)	2.59	3.07	--
Interest coverage (times)	1.15	1.34	--

A: Audited; Prov.: Provisional

Status of non-cooperation with previous CRA: NA

Any other information: NA

Rating history for the last three years: Please refer Annexure-2

Covenants of the rated instruments/facilities: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure-4

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	49.50	CARE BB-; Stable; ISSUER NOT COOPERATING*

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Fund-based - LT-Cash Credit	LT**	49.50	CARE BB-; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable (09-Aug-21)	1)CARE BB+; Stable (26-Feb-21) 2)CARE BB+; Stable (14-Sep-20)	1)CARE BB+; Stable (16-Sep-19)
2	Fund-based - ST-PC/Bill Discounting	ST***	-	-	-	-	1)Withdrawn (14-Sep-20)	1)CARE A4+ (16-Sep-19)
3	Fund-based - LT-Proposed fund based limits	LT	-	-	-	-	-	1)Withdrawn (16-Sep-19)

Long term; *Short term

Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities: NA**Annexure-4: Complexity level of various instruments rated for this company**

Sr. No.	Name of Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple

Annexure-5: Bank lender details for this company

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About us:

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